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No. 15-375

IN THE

Supreme Court of the United States

SUPAP KIRTSAENG D/B/A BLUECHRISTINE99,

Petitioner,

v.

JOHN WILEY & SONS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF *AMICUS CURIAE* VOLUNTEER LAWYERS FOR THE ARTS, INC. IN SUPPORT OF RESPONDENT

VOLUNTEER LAWYERS FOR THE ARTS, INC.
KATHRYN WAGNER
STACY LEFKOWITZ
One East 53rd Street, 6th Floor
New York, New York 10022
(212) 319-2787

KEVIN GOERING
NORWICK SCHAD & GOERING
110 East 59th Street
New York, New York 10022
(917) 841-8750
kgoering@norwickschad.com

DAVID LEICHTMAN
Counsel of Record
SHERLI FURST
ROBINS KAPLAN LLP
601 Lexington Avenue
New York, New York 10022
(212) 980-7400
dleichtman@robinskaplan.com
sfurst@robinskaplan.com

Counsel for Amicus Curiae
Volunteer Lawyers for the Arts, Inc.

264826

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INTEREST OF *AMICUS CURIAE* [1]

Volunteer Lawyers for the Arts, Inc. ("VLA") was established in 1969 with a mission to provide low-income arts-related legal aid, education, and advocacy to artists and arts and cultural organizations ("ACOs"). VLA is dedicated to voicing the unique interests of its individual artists and ACOs and to protect their rights when at risk. To achieve this mission, VLA provides its members with pro bono legal representation, legal counseling, and innovative educational programs. Over the last 47 years, VLA has played a significant role in the arts community, serving more than 300,000 low-income artists and nonprofit organizations across the United States and providing an estimated over $20 million worth of pro bono legal services annually.

VLA is the pioneer in arts-related legal aid and educational programming concerning the legal and business issues that affect artists and arts organizations. VLA believes that individual artists and arts organizations deserve access to dedicated

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[1] Pursuant to Sup. Ct. R. 37.6, VLA and its counsel represent that they have authored the entirety of this brief, and that no person or entity other than the *amicus curiae* or its counsel has made a monetary contribution to the preparation or submission of this brief. Pursuant to Sup. Ct. R. 37.2(a), both parties to the case have consented to the blanket filing of *amici curiae* briefs in support of either party or neither party in separate docket entries both dated February 11, 2016.

legal representation and advocacy to ensure that their interests are protected.

The artists seeking VLA assistance are low-income creators of copyrighted works of every variety. They include painters, sculptors, graphic artists, photographers, authors, playwrights, dancers, screenwriters, documentary film producers and small movie producers. In this age of digital technology and the Internet, these clients' works are increasingly being misappropriated or used by others in infringing ways. In many cases the users are large corporations or well financed individuals. With the rapid proliferation of copying technologies, often VLA's clients find themselves in a game of "whack-a-mole" where even when an infringement is remedied, another pops up simultaneously.

Unfortunately, resorting to litigation is sometimes necessary to vindicate VLA's clients' rights. In such cases, VLA and its participating law firms provide pro bono representation, but they cannot protect their clients from the threat of a large personal liability for costs and attorney's fees in the event they and their lawyers have not been successful for one reason or another.

VLA submits this *amicus* brief to lend its unique voice on behalf of these low-income artists who will be affected by the ruling of the Court in this case.

SUMMARY OF ARGUMENT

VLA's clients are artists who struggle to make a living from their craft. In VLA's experience, when

an artist is a plaintiff in a copyright action, the prospect of having to pay for the other side's attorney's fees if the artist loses – even where the claim is objectively reasonable or the law is ambiguous – sometimes results in a "chilling effect" that deters impoverished artists from bringing suit. Similarly, for artists who are defendants, the threat of having to pay the other side's fees sometimes causes them to settle and yield rights rather than risk a possible fee award against them. This is especially true in matters where application of the law to a given set of facts is unclear, as is often the case in matters where the case turns on issues of substantial similarity, fair use, works for hire, derivative works, satires and parodies. In particular, just as technology is evolving rapidly, so is the definition of "fair use" under the so-called "transformative use" analysis.

These concerns are valid even where artists are provided with pro bono counsel, as fees are assessed against the party, not their counsel. Pro bono law firms cannot, of course, take on the responsibility for fee awards against their clients, and often also do not advance costs in pro bono matters. Even putting aside fees, hard costs for subpoenas, document production, deposition transcripts and the like can add up quickly in copyright litigation, and may be included in the costs awarded under Section 505 of the Copyright Act.

VLA believes the Second Circuit's "totality of the circumstances" approach, utilized in this case, as well as in the Third, Fourth and Sixth Circuits, is consistent with this Court's decision in *Fogerty v.*

Fantasy, Inc., 510 U.S. 517 (1994) and strikes the appropriate balance. The objective reasonableness of the losing party's argument remains an important and appropriate – though never dispositive – consideration in whether to award fees.

VLA therefore supports affirmance of the Order below.

ARGUMENT

This Court granted *certiorari* in this case to address the question of "[w]hat is the appropriate standard for awarding attorney's fees to a prevailing party under § 505 of the Copyright Act?" Brief for Petitioner Seeking Writ of *Certiorari*, *John Wiley & Sons, Inc. v. Kirtsaeng*, No. 15-375 (S.Ct. Sept. 23, 2015) ("Petition").

VLA supports an affirmation of the standard established by this Court in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994). In *Fogerty*, this Court ruled that courts should review requests for fee awards to prevailing copyright owners and to prevailing accused infringers in an evenhanded manner. *Id.* at 534. It further added: "There is no precise rule or formula for making these determinations, but instead equitable discretion should be exercised in light of the considerations we have identified." *Id.* at 534.

The Court then provided guidance on the factors a court might consider in making its determination. The factors include "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and

the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 534 n.19 (citing *Lieb v. Topstone Indus.*, 788 F.2d 151 (3d Cir. 1986)).

Since *Fogerty*, the lower courts have applied these factors in different ways, although the Circuits are not as split as the Petitioner's Brief presents. *See* Brief for Petitioner, *John Wiley & Sons, Inc. v. Kirtsaeng*, No. 15-375 (S.Ct. Feb. 22, 2016) (hereafter "Petitioner's Brief"), at 12-16. The Third Circuit has continued to follow its *Lieb* precedent, and the Fourth and Sixth Circuits have essentially followed suit. While the Second Circuit has sometimes referred to the "objective unreasonableness" factor as important, it has not impermissibly deviated from *Fogerty*. Other courts, however, have deviated from *Fogerty* by applying presumptions (Fifth and Seventh Circuits), or by adding a restrictive separate factor that the award of fees must "advance the purposes of the Act" (Ninth and Eleventh Circuits).

VLA submits that a separate "advances the Copyright Act" test will be detrimental to its clients. First, VLA clients' experience with close cases under the Copyright Act argues against Petitioner's view that such cases necessarily warrant a fee award. Second, Petitioner's formulation would double count legal considerations, giving it undue weight. Finally, VLA's unique position as a provider of pro bono legal services informs its view that pro bono representation should not be used to evaluate whether an award of fees should or should not be granted.

I. A TOTALITY OF THE CIRCUMSTANCES TEST IS NECESSARY TO PROTECT THE INTERESTS OF LOW INCOME ARTISTS

A. Low Income Artists Face A Dilemma As A Result Of The Fee Shifting Provision Of The Copyright Act

Thousands of low-income artists contact VLA each year seeking legal advice they cannot otherwise afford. VLA provides staff attorneys and volunteers from private law firms to counsel them. As part of their counseling, when copyright disputes arise, VLA and its pro bono law firms are mindful of advising their clients with litigation claims about their potential personal liability for the other side's attorney's fees if they do not prevail. The "other side" is often a huge corporation with prominent (and very expensive) lawyers. Defendants that VLA often encounters include large technology companies, movie or television studios, radio conglomerates and other mass producers of posters or garments.

VLA's clients also include some defendants in copyright suits, for example in copyright ownership disputes or cases of fair use. Here too, VLA and its pro bono law firms are mindful to provide advice about the fee shifting provision of the Copyright Act.

The following four examples provide hypothetical but typical scenarios VLA clients encounter.

SCENARIO ONE: A small independent documentary filmmaker whose copyrighted film

footage was used without his consent in another documentary about the same subject wants to sue the owners of the second documentary. The allegedly infringing film used about 25% of the artist's footage, but its owners are likely to claim that their use puts the footage into a different context and thus is "transformative" and protected under the defense of fair use. *See, e.g., Authors Guild v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015).

Fair use is codified in 17 U.S.C. § 107, but the doctrine is still viewed by many as "the most troublesome in the whole law of copyright." *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661 (2d Cir. 1939) (per curiam). This Court has opined on the doctrine several times since 1976, but never in the age of the Internet. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985). A court's conclusion on fair use in a given case is often very difficult to predict. 4 Nimmer on Copyright § 13.05 (2015). In such a case, VLA may represent either the plaintiff or defendant.

SCENARIO TWO: A low income graphic artist believes his original drawing has been mass produced on t-shirts by a large apparel company whose headquarters are in China. The company claims it did not have access to the artist's work and that its t-shirts are not "substantially similar" to the artist's work. Discovery abroad and expert testimony may be necessary to establish the plaintiff's case and the result is not certain.

"The determination of the extent of similarity that will constitute a *substantial*, and hence

infringing, similarity presents one of the most difficult questions in copyright law, and one that is the least susceptible of helpful generalizations." 4 Nimmer on Copyright § 13.03 (2015).

SCENARIO THREE: A sculptor with an annual income of less than $10,000 wants to sue a large real estate company for copyright infringement because the company has prominently featured his work in a national ad campaign without his permission. The artist's work has clearly been used, but the case is complicated because of the existence of an ambiguous relationship between the artist and a prior benefactor where no written contract existed. It is unclear if the artist was an employee acting within the scope of regular employment when the work was created, and in which case the benefactor would own the work as a work made for hire, or whether the sculptor retained ownership of the copyright.

The question in the case may turn on the confusing "work made for hire" doctrine. *See* 17 U.S.C. § 201(a). This court considered some important aspects of that doctrine in *Community for Creative Non-Violence v. Reid,* 490 U.S. 730 (1989), but commentators have noted that the law is still unclear in many respects. *See* 5 Nimmer on Copyright § 5.03 (2015).

SCENARIO FOUR: The owner of a small not-for-profit film archive is being sued by a famous (and wealthy) musician who wants to prevent the archive from displaying, distributing and reproducing archival footage of the musician. The film archivist claims he lawfully acquired the right to use the

footage in his lectures and his pro bono counsel believes his legal and factual defenses are sound. He nonetheless finds himself named in a copyright infringement lawsuit filed by a prominent intellectual property litigation law firm.

* * *

In each of these scenarios, VLA will do its best to obtain pro bono representation for the client, often by a prominent, national law firm. The law firm will give its opinion as to the merits of the client's claims and any defenses, but it cannot of course guarantee the client will prevail. Thus, even though the pro bono client is receiving free counsel for its own fees, it could face crippling personal liability for the other side's legal fees, even if his or her position is factually and legally reasonable. The pro bono client may also have to find a source of funding to advance the hard costs of litigation, which the other side will know presents a difficult burden.

The test adopted by this Court in this case could easily dissuade a deserving plaintiff from trying to vindicate his rights, or a defendant with a reasonable defense from being able to present that defense.

These examples illustrate why a "totality of the circumstances" test is necessary. Petitioner's proposed test would nearly always award fees to prevailing parties in close cases, discourage meritorious litigation, and restrict the award of fees to cases where some cutting edge issue in copyright law is at stake. None of the propositions is merited.

B. Kirtsaeng's "Close Case" Argument Is Misguided

Kirtsaeng asserts that "close cases presenting novel issues may well be the best chance of advancing the purposes of the Copyright Act," and are thus most deserving of fees. Petitioner's Brief at 33. This proposition is not the law, and no Congressional intent for such a proposition can be found in the language of the statute or the legislative history. It is true that close cases presenting novel issues *sometimes* advance the purposes of the Copyright Act. However, VLA submits that under the *Fogerty* factors, close cases are exactly the types of cases where fees should be closely scrutinized, and often should *not* be awarded.

Although Kirtsaeng advocates for the standard enunciated by the Ninth Circuit, that Circuit has itself recognized that close cases are not always good candidates for fee awards, as illustrated by the controversial *Seltzer v. Green Day* fair use case. *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1180 (9th Cir. 2013). This case is particularly relevant to the concerns of VLA. *See* United States Copyright Office, Public Hearing on Copyright Small Claims (November 16, 2012) at 285-87 (testimony of David Leichtman, criticizing district court's fair use conclusion and award of fees before the 9th Circuit reversed the fee award).

In *Seltzer*, the district court had entered summary judgment for the defendants on their fair use defense. *See Seltzer v. Green Day*, CV 10-2103 PSG (PLAx), 2011 U.S. Dist. LEXIS 92393, at *1-2 (C.D. Cal. Aug. 18, 2011). Green Day then moved for

its attorney's fees. In a subsequent opinion, the district court granted the fees, explaining that, under its understanding of the Ninth Circuit test, an award of fees would "further the purpose of the Copyright Act" because the defendants' "successful defense of the video backdrop and the *East Jesus Nowhere* performance-experience secured the public's access to these works and paved the way for the Defendants and others to manipulate and reinterpret street art in the creation of future multimedia compilations." *Seltzer v. Green Day, Inc.*, CV 10-2103 PSG (PLAx), 2011 U.S. Dist. LEXIS 134388, at *13 (C.D. Cal. Nov. 17, 2011).

On appeal, the Ninth Circuit reversed the fee award because, despite the defendants' success on the fair use defense, the plaintiff did not act objectively unreasonably and it was a "close and difficult case." *Seltzer*, 725 F.3d at 1181. The court continued, "the facts relied on by the district court did not lend any meaningful support to the notion that Seltzer's case was objectively unreasonable when he brought it." *Id.* There was simply no reason to believe that Seltzer "should have known from the outset that [his] chances of success in this case were slim to none." *Id.*[2]

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[2] Contrary to Kirtsaeng's position, this Court's decision in *Fogerty* did not suggest that close cases always merit an award of fees. This Court merely noted that John Fogerty, as an individual artist, mounted a successful defense that "increased public exposure to a musical work that could, as a result, lead to further creative pieces." *Fogerty*, 510 U.S. at

As in the Scenarios outlined above, VLA artists often find themselves embroiled in close cases when pushing the bounds of creativity.

The difference in opinion between the district court and the Ninth Circuit with respect to the closeness of the *Seltzer* case highlights the more appropriate standard for determining fee awards is a flexible, discretionary one, and not a subjective test based on the court's view of whether its own decision "advances the purposes" of the Copyright Act. Neither district courts nor appellate courts are art critics, and their subjective view of whether their own decisions on issues such as fair use "advance" the purposes of the Copyright Act should not be the basis for an award of fees.

Another example from the Second Circuit merits mention here. In *Cariou v. Prince,* the district court had held in favor of Plaintiff Patrick Cariou, an individual photographer whose works were used without permission by the defendant and highly successful "appropriation artist," Richard Prince. The district court ruled that Prince's works were infringing derivative works. *Cariou v. Prince*, 784 F. Supp.2d 337, 351 (S.D.N.Y. 2011). But the Second Circuit reversed in large part and held that 25 of the 30 uses by Prince were "transformative" as a matter of law and therefore non-infringing "fair uses." *Cariou v. Prince*, 714 F.3d 694, 711 (2d Cir. 2013). Many in the copyright community believe this

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557 But not all close cases present the same considerations as *Fogerty*, where a style of music (as opposed to a particular composition) was at stake.

decision by the Second Circuit pushed the "transformative use" doctrine too far. On remand, the case was ultimately settled on confidential terms, but the individual photographer there might have been reluctant to bring his important case had the Second Circuit's standard (which includes an important consideration of objective unreasonableness) not applied.

VLA and its clients are particularly concerned about such cases. Many "close" fair use cases like *Seltzer* and *Cariou* are wending their way through the courts. These cases are typically highly contested matters, involving evolving technologies and policy determinations. They frequently lead to mixed results among the circuits. *See Authors Guild v. Google, Inc.*, Case No. 13-4829-cv (Petition for Writ of Certiorari, No. 15-849) (distributed for conference for April 1, 2016).

VLA respectfully submits that a defendant prevailing in one of these fair use cases should not automatically or even presumptively receive an award of attorney's fees. The "totality of the circumstances" standard, which favors neither party, should apply in all cases. "[B]ecause novel cases require a plaintiff to sue in the first place, the need to encourage meritorious defenses is a factor that a district court may balance against the potentially chilling effect of imposing a large fee award on a plaintiff, who, in a particular case, may have advanced a reasonable, albeit unsuccessful, claim." *Canal+Image UK v. Lutvak*, 792 F. Supp.2d 675, 683 (S.D.N.Y. 2011).

VLA submits that the opposite of what Petitioner claims is true: "close cases" often do not merit an award of fees, especially when they involve evolving legal doctrines such as fair use. VLA's clients include individual and small business creators who will be deterred from bringing objectively reasonable suits or asserting objectively reasonable defenses if faced with the possibility of bearing the other party's fees and hard costs, and that result hardly advances the purposes of the Copyright Act.

Resolution of close cases without undue risk of huge attorney's fee awards encourages authors to create with the knowledge that their works will not be misappropriated. The public also benefits from litigation in appropriate cases. "When close infringement cases are litigated, copyright law benefits from the resulting clarification of the doctrine's boundaries." *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 140 F.3d 70, 75 (1st Cir. 1988).

C. The Ninth and Eleventh Circuit Standard Proposed by Kirtsaeng Adds An Overly Restrictive Threshold Factor Of "Advancing" The Purposes Of The Copyright Act

VLA believes that the question of faithfulness to the Copyright Act should not be an overarching factor because it would give the prevailing party a considerable and undue presumption. A prevailing party will always argue that its win was faithful to the purposes of the Copyright Act, and it would be difficult for a district court not to believe its decision on the merits advances the purposes of the act.

Moreover Petitioner's proposal would exclude many cases from consideration where the court deems the case to be ordinary and does not involve cutting edge legal or factual issues. Yet these are precisely the kinds of cases in which it is vitally important for VLA clients to be able to obtain fees in the discretion of the trial court.

In *Fogerty*, this Court never stated that "advancement of" or "faithfulness to the purposes of the Copyright Act" should be a threshold or separate requirement in deciding whether to award fees. Yet Petitioner suggests that it should be an overarching threshold requirement in line with the decisions in the Ninth and Eleventh Circuits that it champions. Petitioner is wrong.

The Ninth and Eleventh Circuit standard adds an additional, restrictive factor to the *Fogerty* factors by requiring, as a threshold and separate factor, that an award of fees be presaged by a finding that the *position of the winning party* "advanced the purposes" of the Copyright Act. *See Mattel, Inc. v. MGA Entm't, Inc.*, 105 U.S.P.Q.2d 1574, 1576-77 (9th Cir. 2012) ("The most important *factor* in determining whether to award fees under the Copyright Act, is whether an award will further the purposes of the Act.") (emphasis added); *see also Mattel, Inc. v. MGA Entm't, Inc.*, CV 04-9049 DOC (RNBx), 2011 U.S. Dist. LEXIS 85998, at *1 (C.D. Cal. 2011) ("[t]he court's exercise of discretion under Section 505 is guided by a *single equitable inquiry*: did the successful prosecution or defense 'further the purposes of the Copyright Act[?]'") (emphasis added).

Similarly, in the Eleventh Circuit "[t]he *touchstone* of attorney's fees under § 505 is whether imposition of attorney's fees will further the interests of the Copyright Act." *MiTek Holdings Inc. v. Arce Eng'g Co.*, 198 F.3d 840, 842-43 (11th Cir. 1999) (emphasis added).

Adding the criterion of advancing the purposes of the act as a separate factor or threshold inquiry is merely double-counting because of the way "objective unreasonableness" is defined in *Fogerty*'s parenthetical. *Fogerty*, 510 U.S. at 534 n.19 ("objective unreasonableness (both in the factual and *in the legal components* of the case) ") (emphasis added).

This Court has already signaled in the patent area that it is wrong to add "advancing the purposes of the Act" as a separate factor from determining "objective unreasonableness. in the legal component of the case." In *Octane Fitness*, this Court examined Section 285 of the Patent Act, 35 U.S.C. § 285, and looked straight to the "totality of the circumstances" test enunciated in *Fogerty*:

> We hold, then, that an "exceptional" case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (*considering both the governing law and the facts of the case*) or the unreasonable manner in which the case was litigated. District courts may determine whether a case is "exceptional" in the case-by-case exercise of their discretion, considering

> the totality of the circumstances. As in the comparable context of the Copyright Act, "'[t]here is no precise rule or formula for making these determinations,' but instead equitable discretion should be exercised "in light of the considerations we have identified."

Octane Fitness, 134 S.Ct. 1749, 1756 (2014) (emphasis added) (citing *Fogerty*).

Section 505 of the Copyright Act does not require the case to be "exceptional" the way that Section 285 of the Patent Act does. Thus, the Patent Act contains an even more difficult standard to meet. But that is even more reason not to import an "advances the purpose of the Act" test into the copyright standard for awarding fees. In mandating a flexible approach in *Octane*, this Court did not require that fees be awarded only where the purpose of the Patent Act is advanced – *indeed, the purpose of the Patent Act was not even mentioned*. Instead, *Octane* recognized that an analysis of the substantive strength of the *losing party's* position necessarily encompasses the consideration of the relevant governing law. [3] Whether the prevailing party

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[3] Kirtsaeng's effort to address *Octane Fitness* falls flat. *See* Petitioner's Brief at 26. It argues that the use of the word "exceptional" in Section 285 of the Patent Act has the attribution of "punishment." But that ignores the fact that *Octane* did not include an "advancement of the Patent Act" component because the purpose of the Patent Act is already

advanced some new legal theory – is not part of the analysis.

Simply put, an inquiry into whether or not the purposes of the Copyright Act have been advanced is already subsumed in the consideration of objective unreasonableness.

D. Application Of Section 505 Should Not Punish A Party For Being Represented By Pro Bono Counsel

Another prime concern of VLA is that a party represented by pro bono counsel instead of counsel that is monetarily compensated should not be denied an otherwise meritorious award because it received free legal representation. VLA believes this Court should make clear that whether a party is represented by pro bono counsel instead of counsel for whom it pays full rates should not impact negatively the decision on whether to award fees.

Significantly for VLA's clients, the district court in this case appeared to be influenced by the fact that Kirtsaeng was represented in the Supreme Court by pro bono counsel. The Second Circuit corrected the district court's *dicta* in this regard:

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considered in the analysis of the substantive strength of a particular case. The same rationale applies to the *Fogerty* objective unreasonableness factor, mandating that the law and facts of the particular case must be considered.

> In particular, we respectfully question the conclusion that considerations of compensation did not favor a fee award because the appellant was represented pro bono at the Supreme Court. Preventing litigants who are represented by pro bono counsel from receiving fees may decrease the future availability of pro bono counsel to impecunious litigants, who may, in the absence of pro bono representation, abandon otherwise meritorious claims and defenses. This runs counter to *Fogerty's* instruction that courts should exercise their discretion under § 505 so as to encourage the litigation of meritorious claims and defenses, because "it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." *Fogerty*, 510 U.S. at 527

Kirtsaeng, 605 Fed. Appx. at 49.

The fact that an artist is represented pro bono does not diminish the importance or value of an award of fees in appropriate cases. This Court has explained in other contexts that "Congress did not intend the calculation of fee awards to vary depending on whether plaintiff was represented by private counsel or by a nonprofit legal services organization." *Blum v. Stenson*, 465 U.S. 886, 894-95 (1984). Courts "must avoid[.] decreasing reasonable fees because the attorneys conducted the litigation more as an act pro bono publico than as an

effort of securing a large monetary return." *Id.* at 895.[4]

In *Mattel v. Walking Mountain Prods.*, CV 998543 RSWL (RZx), 2004 U.S. Dist. LEXIS 12469, at *7 (C.D. Cal. June 24, 2004), an individual photographer who had been sued by Mattel was represented pro bono. The court awarded more than $1 million in fees because the litigation vindicated the artist's fair use defense: "[T]his is just the sort of situation in which the Court should award attorneys' fees to deter this type of litigation." *Mattel*, 2004 U.S. Dist. LEXIS 12469, at *7. *See also Blue Moon Media Group, Inc. v. Field*, CV 08-1000, 2011 U.S. Dist.

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[4] Even where the prevailing party has represented itself *pro se*, some courts have awarded reasonable attorney's fees under Section 505. *See, e.g., Quinto v. Legal Times of Wash., Inc.*, 511 F. Supp. 579 (D.D.C. 1981); *Bond v. Blum*, 317 F.3d 385, 399–400 (4th Cir.), *cert. denied*, 540 U.S. 820 (2003) (law firm defendant that represented itself). *Compare Granger v. Gill Abstract Corp.*, 566 F. Supp.2d 323, 332 (S.D.N.Y. 2008) ("attorneys' fees are not awarded to non-attorney *pro se* plaintiffs"); *Pyatt v. Jean*, 04-CV-3098 (TCP) (AKT), 2010 U.S. Dist. LEXIS 85920, at *7-9 (E.D.N.Y. 2010). Similarly, some courts have taken *pro se* status into account when the *pro se* party is on the losing side. *See, e.g., Perry v. Estates of Byrd*, 1:13-CV-01756 (ALC) (KNF), 2014 U.S. Dist. LEXIS 91272, at *23 (S.D.N.Y. July 3, 2014) ("[I]n cases involving *pro se* litigants, the courts "afford greater leniency and rarely award attorneys' fees.").

LEXIS 108066, at *6 n.3 (E.D.N.Y. April 11, 2011) (citing cases).

VLA supports the Second Circuit's stance that where a party receives pro bono assistance that should not be a reason to deny attorney's fees.[5]

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[5] In the district court, Kirtsaeng also argued unsuccessfully that the court should consider the relative wealth of the parties in deciding whether to award attorney's fees, but the district court held that such a consideration related to the amount, not the question of whether the award fees in the first place. Pet. App. at 17. VLA believes the district court dismissed the argument too easily, but the issue is not squarely raised by the Petition. Courts have recognized that the relative wealth of a party in a copyright case may be relevant in deciding whether to award attorney's fees in particular cases. *See, e.g., Contractual Obligation Prods., LLC v. AMC Networks, Inc.*, 546 F. Supp. 2d 120, 132 (S.D.N.Y. 2008); *Video-Cinema Films, Inc. v. CNN, Inc.*, 98 Civ. 7128 (BSJ), 2003 U.S. Dist. LEXIS 4887, at *15 (S.D.N.Y. March 31, 2003) ("Another factor to be considered in awarding fees under the Copyright Act ... is the relative financial strength of the parties"); *Leibovitz v. Paramount Pictures Corp.*, 94 Civ. 9144 (LAP), 2000 U.S. Dist. LEXIS 10173, at *13 (S.D.N.Y. July 21, 2000); *Littel v. Twentieth Century Fox Film Corp.*, 89 Civ. 8526 (DLC), 1996 U.S. Dist. LEXIS 454, at *3 (S.D.N.Y. Jan. 18, 1996).

VLA believes that nothing in *Fogerty* or in this Court's other precedents precludes consideration of a party's poverty – especially that of an artist whose

II. THE SECOND, THIRD, FOURTH AND SIXTH CIRCUITS FOLLOW A "TOTALITY OF CIRCUMSTANCES" TEST AS INSTRUCTED BY THIS COURT IN *FOGERTY*

The Third, Fourth and Sixth Circuits apply a "totality of the circumstances" standard giving broad discretion to the trial judge to award or deny fees in a particular case, and despite Kirtsaeng's unfounded criticisms of it, the Second Circuit's standard is substantively the same. As explained below, Kirtsaeng's brief elevates a supposed circuit split with the Second Circuit that does not exist.

A. Section 505 Gives Courts Broad Discretion To Award Or Deny Attorney's Fees To A Prevailing Party

In *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), this Court ruled that both sides in a copyright case should be treated alike under 17 U.S.C. § 505. Although there is no "precise rule or formula" for making fee determinations, the Court in a footnote listed several non-exclusive factors that district courts can consult in their discretion, including: (1) frivolousness; (2) motivation; (3) objective unreasonableness (both in the factual and in the legal components of the case) and (4) the need in particular circumstances to advance considerations of compensation and deterrence. *Id.* at 534 n.19.

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work is infringed – in deciding in particular cases whether a prevailing party is entitled to attorney's fees and/or hard costs.

A flexible 'totality of the circumstances' balancing test is consistent not only with *Fogerty* but with this Court's decision in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749, 1751 (2014). *Octane* construed a similar provision in the Patent Act, as discussed above. This Court rejected a subjective test that had been applied by the Federal Circuit, which required a showing of both "subjective bad faith" and "objective baselessness." Rejecting, in particular, the subjective part of the test, this Court held that the Federal Circuit's test was "too restrictive." *Id.* at 1758. Instead, the Court mandated that district courts exercise their discretion to award fees on a "case-by-case" basis, considering "the totality of the circumstances." *Id.* at 1756. It should do the same here.

B. The Approach Used By The Third, Fourth And Sixth Circuits Is Consistent With *Fogerty* And Is Not "Rudderless"

The Third, Fourth, and Sixth Circuits employ the most flexible and impartial standard under Section 505 by engaging in a balancing of the four *Fogerty* factors and other factors which may be pertinent in a specific case. *See Lieb v. Topstone Indus.*, 788 F.2d 151, 156 (3d Cir. 1986); *see also Lowe v. Loud Records*, 126 Fed. App'x. 545, 547 (3d Cir. 2005) (court must be evenhanded in exercising its discretion).

The four "non-exclusive" *Fogerty* factors originated in the Third Circuit. *Fogerty*, 510 U.S. at 534 n.19 (quoting *Lieb*). *Fogerty* cited *Lieb* with approval and makes clear the courts are to evaluate cases on an individualized basis, with the primary

responsibility resting on the sound discretion of the trial judge.

VLA respectfully submits that the *Lieb* standard is hardly "rudderless," as Petitioner claims. *See* Petitioner's Brief at 52. Rather, the *Lieb* test requires the district court to consider the totality of the circumstances, in an evenhanded objective manner, including the facts of the particular case and the specific statutory provisions and legal doctrines at issue. There is nothing rudderless about it.

The Fourth Circuit uses a similar "totality of the circumstances" test which includes the four *Fogerty* factors as well as "any other relevant factor presented." *Bond v. Blum*, 317 F.3d 385, 397 (4th Cir. 2003). The Sixth Circuit has followed suit. *Thoroughbred Software International Inc. v. Dice Corporation*, 488 F.3d 352, 361 (6th Cir. 2007).

C. The Second Circuit Test Is Not At Odds With *Fogerty* As Petitioner Claims, And Does Not Consider Any Single Factor To Be Dispositive

In denying Kirtsaeng's motion for fees, the district court in this case explained that "Wiley's claim was not objectively unreasonable, and because no other factor weigh[ed] against this important consideration in the circumstances of this case," attorney's fees would be denied. *See* Appendix to Brief for Petitioner Seeking Writ of Certiorari, *John Wiley & Sons, Inc. v. Kirtsaeng*, No. 15-375 (S. Ct. Sept. 23, 2015) ("Pet. App."), at 24a. Thus, the district court did not ignore frivolousness,

motivation, or compensation and deterrence; it merely found that those other three factors did not compel a different conclusion. *Id.*

Indeed, the district court expressly addressed all of the *Fogerty* factors, providing specific reasons for its findings that the other *Fogerty* factors did not merit a fee award. Pet. App. 14a-16a. The district court also considered other factors such as allegations of litigation misconduct and Kirtsaeng's argument that it had "clarified the law" by ultimately prevailing in the case. *Id.* at 21.

Affirming in a non-precedential order, the Second Circuit panel noted that the consideration of reasonableness was particularly appropriate in this case because John Wiley had prevailed in both lower courts before the Supreme Court overruled them by a split decision. *John Wiley & Sons, Inc. v. Kirtsaeng*, 605 Fed. App'x 48, 49 (2d Cir. 2015). The Second Circuit found "there is no merit to [Kirtsaeng's] contention that the district court 'fixated' on John Wiley & Sons' objective reasonableness at the expense of other relevant factors." *Id.* at 49-50.

The Second Circuit also explained why its earlier decision in *Matthew Bender* had emphasized the "objective reasonableness" prong of the test:

> *Matthew Bender* specifically explained that its "emphasis on objective reasonableness [was] firmly rooted in [the Supreme Court's] admonition that any factor a court considers in deciding whether to award attorneys' fees must

> be 'faithful to the purposes of the Copyright Act.'"

605 Fed. App'x. at 49 (*quoting Matthew Bender & Co. v. W. Pub'g Co.*, 240 F.3d 116, 122 (2d Cir. 2001) ("the imposition of a fee award against a copyright holder with an objectively reasonable litigation position will generally not promote the purposes of the Copyright Act.")). In other words, the question of "faithfulness" to the purposes of the Copyright Act (which Kirtsaeng favors in urging adoption of the Ninth Circuit standard) is already taken into account within the "objective unreasonableness" factor.

This makes sense. The way this Court set forth the "objective unreasonableness" factor in *Fogerty* was broader than using just those two words; instead, the full expression of the factor is: "objective unreasonableness (*both in the factual and in the legal components of the case*)." 510 U.S. at 534 n. 19 (emphasis added). Accordingly, the legal component – the substantive provisions of the Copyright Act – is already part of the objective unreasonableness factor.

Indeed, the Second Circuit has never held that objective reasonableness is "elevated above all others" in every case, as Kirtsaeng claims. *See* Petitioner's Brief at 24. Nor has the Second Circuit ever announced that objective reasonableness creates a "presumption," that a defendant cannot obtain fees. *Id.* at 24.[6] The decisions of the Second Circuit

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[6] It also bears noting that there is already a hurdle that small copyright proprietors such as VLA's artists have before they can be awarded fees – they must register their works before the

certainly do not bear out the claim by Kirtsaeng that the Second Circuit has a "fetish" against awarding defendants' fees. *Id.* at 25.[7]

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infringement in order to be eligible to seek fees in the first place. 17 U.S.C. § 412. By contrast, alleged infringers have no such requirement. Accordingly, any statistics are already skewed since many plaintiffs cannot seek fees at all. While *Fogerty* did hold that the application of Section 505 requires evenhandedness, the Act is thus not entirely neutral but is slightly biased in the favor of accused infringers who often have substantially greater resources than individual artists. For that reason, this Court should not foreclose considerations of the resources of the parties by district courts in the exercise of their discretion. *See* discussion *supra* n. 5.

[7] Kirtsaeng cites only seven cases in the twenty-two years since *Fogerty* where the Second Circuit has denied fees to defendants in copyright cases. *Id.* at 24 n.4, and 25 n. 5. But the only empirical study Kirtsaeng cites to for its argument (dated from 2000, sixteen years after *Fogerty*) actually shows that defendants obtained fees in 80% of the cases where they were sought in the Second Circuit – the exact same percentage as in the Ninth Circuit which Kirtsaeng prefers. *See* Jeffrey Edward Barnes, *Attorney's Fee Awards In Federal Copyright Litigation After Fogerty v. Fantasy: Defendants Are Winning Fees More Often But The New Standard Still Favors Prevailing Plaintiffs*, 47 UCLA Law. Rev. 1381, 1391 (2000) (showing that after *Fogerty*,

A more thorough consideration of *Matthew Bender* and its progeny in the Second Circuit than Petitioner presents shows that the Second Circuit in fact considers all four *Fogerty* factors, including in the very cases prominently cited by Kirtsaeng. Petitioner's Brief at 28.[8] For example, in *Medforms, Inc. v. Healthcare Mgmt. Sols., Inc.*, 290 F.3d 98, 117 (2d Cir. 2002), the court affirmed the denial of attorney's fees to prevailing copyright infringement defendants where plaintiffs' "claims were not frivolous or objectively unreasonable, and

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in the Second Circuit defendants prevailed in 12 of 15 cases and in 8 of 10 cases in the 9th Circuit; the exact same percentage). In that same time period, defendants prevailed 100% of the time in the Third and Fourth Circuits (there were no cases in the Sixth Circuit), and went 0 for 2 in the Eleventh Circuit which follows the Ninth Circuit test preferred by Kirtsaeng. These empirical results strongly suggest that the courts are in fact applying an evenhanded approach, including in the Second, Third and Fourth Circuits.

[8] Most of Petitioner's cited authorities are non-precedential orders. *Russian Entm't Wholesale, Inc. v. Close-Up Int'l, Inc.*, 482 Fed. App'x 602, 607 (2d Cir. 2012) (affirming denial of fees to prevailing copyright infringement defendants with little analysis); *Arista Records, LLC v. Launch Media, Inc.*, 344 Fed. App'x 648, 651 (2d Cir. 2009) (same); *Lava Records, LLC v. Amurao*, 354 Fed. App'x 461, 462 (2d Cir. 2009) (same);.*Viva Video, Inc. v. Cabrera*, 9 Fed. App'x 77, 80 (2d Cir. 2001) (same).

... there were close questions of fact and law weighing against an award to the defendants."

Next, contrary to Petitioner's suggestion, the Second Circuit in *Bryant v. Media Right Prods.*, 603 F.3d 135, 144 (2d Cir. 2010), considered a lot more than just objective reasonableness in finding the district court did not abuse its discretion to deny a fee award:

> When determining whether to award attorneys' fees, district courts may consider such factors as (1) the frivolousness of the non-prevailing party's claims or defenses; (2) the party's motivation; (3) whether the claims or defenses were objectively unreasonable; and (4) compensation and deterrence.

Id. at 139 (internal citations omitted).[9]

Finally, Petitioner cites *Zalewski v. Cicero Builder Dev., Inc.*, 754 F.3d 95, 108-09 (2d Cir. 2014), but that decision demonstrates that the Second Circuit's test is far less rigid than Petitioner claims. After citing to the *Fogerty* factors and deciding that analysis of the factors did not merit an award, the appeals court stated:

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[9] Petitioner cites to yet another non-precedential order. *Effie Film, LLC v. Murphy*, Nos. 14-3367-CV, 15-1573-CV, 2015 U.S. App. LEXIS 17937, at *2-3 (2d Cir. Oct. 16, 2015), but that order cited *Bryant's* multi-factor analysis with approval.

> However, it appears that Zalewski's initial conduct might warrant an award of attorney's fees under the Copyright Act *based on other factors.* "Misconduct before or during litigation can, in appropriate cases, provide the basis for an award of fees." The district court may also be able to explain why in its view the first three complaints were so obtuse, abusive, and otherwise different from the Third Amended Complaint that its award is justified. Therefore, we vacate the district court's award of attorney's fees to T.P and DeRaven and remand for reconsideration of whether an award of attorney's fees is appropriate in light of this order.

Id. at 108-09 (emphasis added) (internal citations omitted).

This Court should consider the overall history of Section 505 litigation in the Second Circuit. The Order appealed from was short and non-precedential by its terms. The case law in the Second Circuit is faithful to *Fogerty* and this Court's other precedents, and is not materially different from the test used in the Third, Fourth and Sixth Circuits. On behalf of its struggling artist clients, VLA urges the Court to affirm the judgment below.

D. The Fifth And Seventh Circuits Have Created An Impermissible Presumption In Favor Of Awarding Attorney's Fees

VLA has already explained why the additional gloss of "advancing the purposes" of the Copyright Act test placed on the *Fogerty* factors by the Ninth and Eleventh Circuits is wrong. While no party appears to be defending the standard of the Fifth and Seventh Circuits for awarding fees, they are addressed here briefly for completeness, and their approaches should be rejected. Both of these circuits have held that the "prevailing party in copyright litigation is presumptively entitled to attorneys' fees." *See, e.g., Riviera Distribs., Inc. v. Jones*, 517 F.3d 926, 928 (7th Cir. 2008).

The Seventh Circuit adopted its rebuttable presumption in favor of fee awards because that court believed

> an award of attorneys' fees may be necessary to enable the party possessing the meritorious claim or defense to press it to a successful conclusion rather than surrender it because the cost of vindication exceeds the private benefit to the party.

Assessment Techs. of WI, LLC v. WIREdata, Inc., 361 F.3d 434, 437 (7th Cir. 2004). *See also Gonzales v. Transfer Technologies, Inc.*, 301 F.3d 608 (7th Cir. 2002). VLA submits that neither *Fogerty* nor *Octane Fitness* supports such a presumption.

Because the motivations for bringing a copyright infringement suit vary substantially from case to case, any broad presumption is undesirably rigid. As *Fogerty* emphasized, a district court's determination under Section 505 should not be restricted by precise rules and formulas. 510 U.S. at 535 ("There is no precise rule or formula for making these determinations."). Rather, district courts' inquiries must be both flexible and dependent on the individual circumstances of each case. The Seventh Circuit's presumption is neither flexible, nor tailored to the purposes of the Copyright Act, and is therefore inconsistent with *Fogerty*.

While the Fifth Circuit does not use the term "presumption," it does follow the Seventh Circuit in awarding fees under Section 505 by shifting the burden of proof to the losing party to prove that fees should not be awarded. Under the Fifth Circuit's analysis, "[A]lthough attorney's fees are awarded in the trial court's discretion in copyright cases, they are the rule rather than exception and *should be awarded routinely*." *Hogan Sys., Inc. v. Cybersource Int'l, Inc.*, 158 F.3d 319, 325 (5th Cir. 1998) (emphasis added). There is no support in *Fogerty* for the Fifth Circuit's burden shifting approach. The statute simply says courts "may" award fees to the prevailing party, not that they "shall" or "should."

CONCLUSION

For the foregoing reasons, VLA respectfully requests the Court to adopt the approach taken by the Third, Fourth and Sixth Circuits, as well as the Second Circuit when its decisions are properly understood, in determining whether to award attorney's fees and costs in copyright cases pursuant to 17 U.S.C. § 505. A totality of circumstances approach would most adequately serve the needs of justice and the general public.

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Respectfully submitted,

VOLUNTEER LAWYERS FOR THE ARTS, INC.
KATHRYN WAGNER
STACY LEFKOWITZ
1 East 53rd Street, 6th Floor
New York, New York 10022
(212) 319-2787

KEVIN GOERING
NORWICK SCHAD & GOERING
110 East 59th Street
New York, NY 10022
(917) 841-8750

DAVID LEICHTMAN
Counsel of Record
SHERLI FURST
ROBINS KAPLAN LLP
601 Lexington Avenue
New York, NY 10022
(212) 980-7400
dleichtman@robinskaplan.com
sfurst@robinskaplan.com

Counsel for Amicus Curiae
VOLUNTEER LAWYERS FOR THE ARTS, INC.